

Message Text

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44

ACTION XMB-07

INFO OCT-01 EUR-25 ADP-00 COME-00 EB-11 TRSE-00 AEC-11

SCI-06 SCEM-02 INT-08 L-03 OMB-01 CIAE-00 INR-10

NSAE-00 RSC-01 RSR-01 /087 W
----- 082711

R 291040Z AUG 73

FM AMEMBASSY BELGRADE

TO SECSTATE WASHDC 7081

INFO AMEMBASSY BONN

AMEMBASSY VIENNA

AMCONSUL ZAGREB

LIMITED OFFICIAL USE BELGRADE 3859

FOR EXIM AND COMMERCE (MAJOR PROJECTS)

E.O. 11652: N/A

TAGS: ENRG YO

SUBJ: KRSKO NUCLEAR POWER PROJECT

REF BELGRADE 3760

1. SUMMARY. JUGOBANKA GENERAL MANAGER TOLD US KRSKO INVESTORS IN QUOTE STATE OF CONFUSION UNQTE ON AWARD OF CONTRACT, BUT FIRM DECISION STILL EXPECTED IN SEPTEMBER OR OCTOBER. GERMAN OFFER TERMED VERY ATTRACTIVE. INVESTORS HAVE MADE AVAILABLE COPY OF CABLE TO EXIM BANK STATING THAT INCREASED LOCAL COST GUARANTEE WOULD QTE VERY MUCH AFFECT UNQTE AWARD. END SUMMARY.

2. AT LUNCH TODAY IN HONOR OF EXIM VICE PRESIDENT GEORGE DIETZ, JUGOBANKA GENERAL MANAGER DR. BOZIDAR LINHART MADE FOLLOWING REMARKS CONCERNING KRSKO, IN REPLY TO AN OBSERVATION THAT A DECISION ON THE PROJECT MIGHT BE DUE SHORTLY.

3. DR. LINHART EXPECTS FIRM DECISION IN SEPTEMBER OR
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OCTOBER. DECISION IS DIFFICULT, AND, ON A RECENT TRIP TO

HIS HOME IN SLOVENIA, LINHART FOUND A "STATE OF CONFUSION" WITH RESPECT TO KRSKO.

4. FEELING IS THAT WESTINGHOUSE HAS BEST TECHNOLOGY AND GE/ANSALDO MOST ATTRACTIVE FINANCING.

5. AS FOR GERMANS, KRSKO WAS A SMALL PART OF THE PACKAGE THEY WERE OFFERING. GERMAN OFFSET ARRANGEMENT WAS LARGER, AND, IN ADDITION, GERMANS WERE OFFERING SUBSTANTIAL TECHNICAL COOPERATION ARRANGEMENTS WITH YUGOSLAV FIRMS BOTH IN YUGOSLAVIA AND IN THIRD COUNTRIES. AS POSSIBLY THEORETICAL EXAMPLE OF LATTER, HE SAID GERMANS WERE OFFERING TO CUT YUGOSLAV FIRMS IN ON GERMAN PROJECTS TO BE BUILT IN FRANCE. LINHART GAVE IMPRESSION THAT GERMAN DEAL, IN TERMS OF POTENTIAL ADVANTAGES FOR YUGOSLAVS IN OFFSET, AND IN TECHNOLOGICAL COOPERATION IN YUGOSLAVIA AND ABROAD, WAS EXTREMELY ATTRACTIVE FOR THE YUGOSLAVS.

6. KRSKO INVESTORS HAVE MADE AVAILABLE COPY OF TELEX TO EXIM BANK (BOSTWICK) STATING FINAL CHOICE WILL BE VERY SOON, AND THAT QTE IT WILL VERY MUCH AFFECT THIS CHOICE UNQTE IF EXIM LOCAL COST GUARANTEE CAN BE RAISED TO 30 PERCENT. THIS APPEARS TO BE WATERED-DOWN VERSION OF INITIATIVE INVESTORS WERE SAID TO BE CONSIDERING LAST WEEK (REFTEL).

7. WESTINGHOUSE REGIONAL DIRECTOR BISES IS IN YUGOSLAVIA FOR FURTHER NEGOTIATIONS WITH INVESTORS.
JOHNSON

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